

Debtors' Ex. 77

(H.B. 303)

(No. 81)

(Approved August 14, 1997)

AN ACT

To authorize the issue of bonds of the Commonwealth of Puerto Rico in a principal amount which shall not exceed five hundred million (500,000,000) dollars, and the issue of notes in advance of bonds to cover the cost of necessary public improvements and the cost of the sale of such bonds; to provide for the payment of the principal and interest of such bonds and notes; to authorize the Secretary of the Treasury to make provisional advances from the General Fund of the Commonwealth Treasury to be applied to the payment of the costs of said improvements and said sale of bonds; to grant to the Secretary of Transportation and Public Works and to other agencies and instrumentalities of the Commonwealth, the power to acquire the necessary real and personal property to exercise the power of eminent domain; and to exempt said bonds, notes and interest thereon from the payment of taxes.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- The Secretary of the Treasury is hereby authorized to issue and sell, all at once, or from time to time, bonds of the Commonwealth in a principal amount which shall not exceed five hundred million (500,000,000) dollars in order to cover the cost of the necessary public improvements listed below, including the acquisition of the necessary land or rights thereon, and equipment therefor, the drawing of plans and specifications, the cost of the sale of the bonds and notes issued in advance thereof, and any other necessary expenses incurred in connection with the acquisition or construction of such improvements.

The public improvements and the cost of the sale of the bonds to be financed under this Act, and the estimated amounts of the proceeds of the bonds to be applied to each of such improvements and costs by major expense items, are as follows:

- (b).- The bonds authorized to be issued under the provisions of this Act, shall be dated, shall fall due on a date or dates that shall not exceed thirty (30) years of its date or dates (except the bonds which refer to public housing which shall not fall due after forty (40) years from their date or dates), shall accrue interest at a rate or rates that shall not exceed that which is legally-authorized at the time the bonds are issued, they may be redeemable before maturity at the option of the Secretary of the Treasury, may be sold with or without premium, shall be of the denomination and of the form, with interest coupons or registered, or both, shall have such registration and conversion privileges, shall be executed in such a form, shall be payable in such place or places within or without of the Commonwealth of Puerto Rico, and shall contain such other terms and conditions as provided by the Authorizing Resolution or Authorizing Resolutions.
- (c).- The bonds authorized hereunder may be sold all at once or from time to time, in public or private sale, and for such price or prices not lower than the price legally-established at the time they are issued, as determined by the Secretary of the Treasury with the approval of the Governor, as the most convenient to the best interests of the Government of Puerto Rico.
- (d).- When any official whose signature or facsimile appears on any bond or coupon ceases in office before the delivery of said bonds, said signature or facsimile shall, nevertheless, be valid and sufficient, it being deemed for all purposes, as if such official had remained in office until such delivery. Besides, any bond or coupon may bear the signature or facsimile of those persons who when said bond is executed are the proper officials to sign them, but who, on the date of the bond, were not in such office.

Section 5.- The Secretary of the Treasury, by Resolution approved by the Governor, is hereby authorized to borrow money and issue notes of the Commonwealth in advance of the bond issue, all at once, or from time to time, payable solely from the proceeds of said bonds.

Said notes shall be designated as "Note in Advance of Bonds of the Commonwealth of Puerto Rico", and it shall be consigned thereon that they are issued in advance of such bond issue.

Said notes, including any renewals or extensions thereof, shall be dated, may be issued from time to time, shall fall due on a date that shall not exceed five (5) years from the first date of issue, shall bear interest at such rate that shall not exceed that legally-authorized at the time they are issued, and may be redeemable before their maturity at the option of the Secretary of the Treasury, and shall be executed in such form and manner, and may be sold at public or private sale at such price or prices that are not less than the price legally-established at the moment they are issued, and shall contain such other terms and conditions as provided in the Authorizing Resolution or the Authorizing Resolutions adopted by the Secretary of the Treasury and approved by the Governor.

Section 6.- The good faith, credit and taxing power of the Commonwealth are irrevocably pledged for the prompt payment of the interest on any note issued pursuant to the provisions of this Act. The Secretary of the Treasury is hereby authorized and directed to pay interest on said notes as they become due, from any funds available in the Commonwealth Treasury for such purpose during the fiscal year in which said payment is required. The provisions contained in this Act with regard to the payment of interest on the notes in advance of the bond issue shall be deemed as a continuous appropriation for the Secretary of the Treasury to make said payments even though no specific appropriations are made.

Pursuant to the provisions of this Act, the Secretary of the Treasury shall issue bonds sufficiently in advance and in the amount needed to provide the funds required to pay the principal of the notes as they fall due and payable and shall apply the proceeds of the bond issue to the payment of said notes.

Any payments that are made with respect to the notes in advance of the bond issue shall be made according to the provisions of the laws of Puerto Rico that regulate the disbursement of public funds.

sale of the bonds issued under the provisions of this Act, to be applied to the payment of the expenses incurred in connection with the issue and sale of said bonds.

Section 13.- The sum of twenty-five million (25,000,000) dollars from the proceeds of the sale of the bonds issued pursuant to the provisions of this Act, shall remain in the custody of the Office of the Management and Budget until the Special Maintenance Proposals Inter Agency Evaluating and Approval Committee claims the deposit thereof in the Special Maintenance Fund, both created by Act No. 66 of August 14, 1991, as amended.

Section 14.- All bonds and notes issued under the provisions of this Act, as well as all interest thereon, shall be exempted from the payment of any taxes imposed by the Commonwealth of Puerto Rico and its instrumentalities.

Section 15.-This Act shall not be construed as repealing or amending any other previous act of the Legislature of Puerto Rico authorizing the issue of bonds of the Commonwealth of Puerto Rico. The bonds authorized under this Act, are in addition to any other previously authorized bonds of the Commonwealth of Puerto Rico.

Section 16.-This Act shall take effect July 1, 1997, except for the provisions of Section 8 of this Act, which shall take effect immediately after its approval

